


About the Transaction Privilege Tax (TPT) in Kingman, Arizona

City of Kingman Finance Department
January 5, 2018

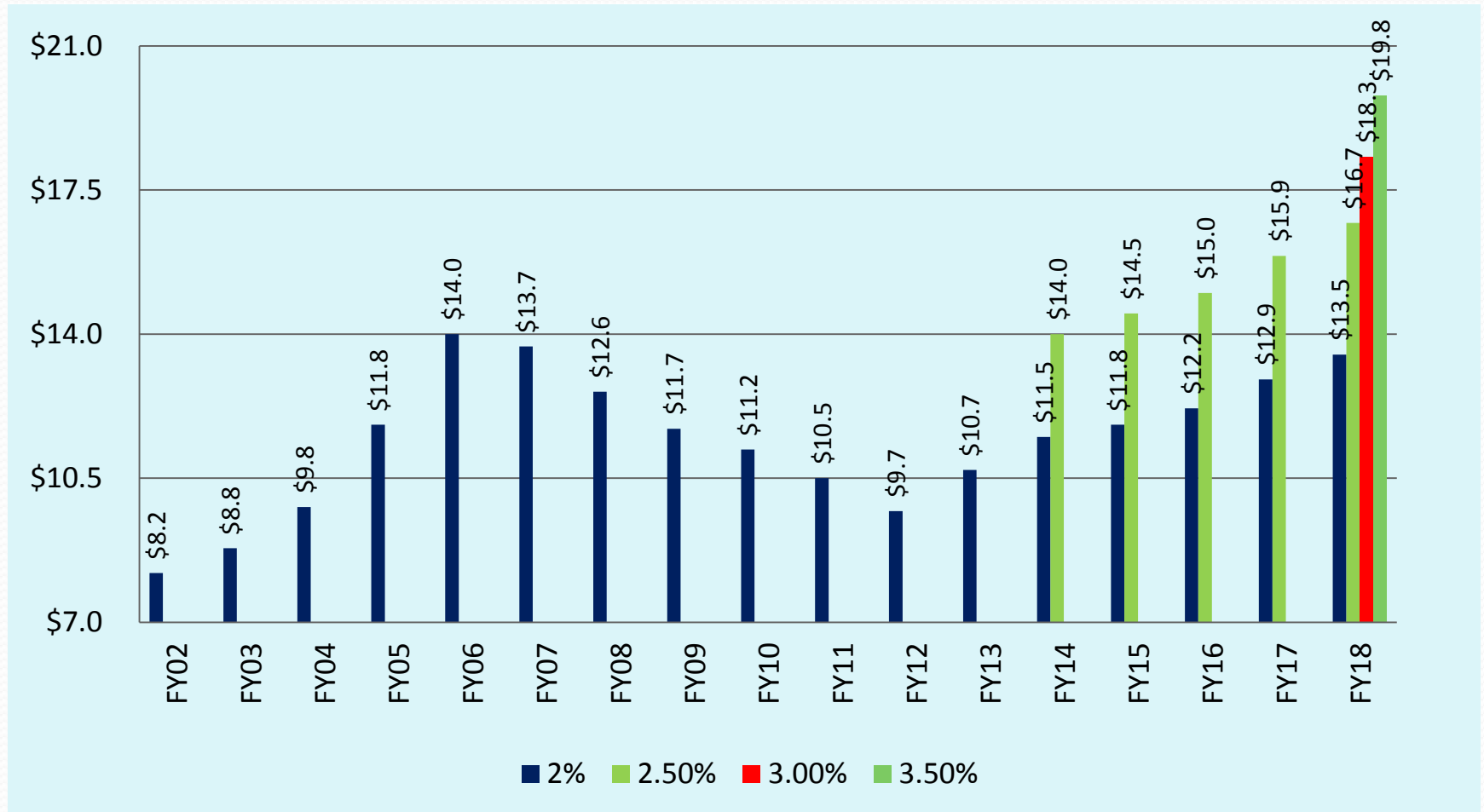
Recent History

- TPT rate increased from 2.0% to 2.5% in 2013
 - Increase set to expire December 2017
 - Sunset provision removed in August 2017
- TPT rate increased from 2.5% to 3.5% in 2017
- Each .5% of TPT is expected to produce \$3.1M in FY2018-19 and grow thereafter

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- Of the \$21.7M TPT revenue expected next year, the following funds will benefit:
 - General - \$15.5M
 - Pavement Preservation - \$3.1M
 - Capital Projects - \$3.1M
 - The Pavement Preservation and Capital Projects amounts are dedicated for those respective purposes.

- Growth in Transaction Privilege Tax revenue averaging \$2.75% per year is expected through 2023
- Loss of the Pavement Preservation and Capital Project monies through a successful initiative process will result in the elimination of those revenues for the two programs as the City does not have the ability to transfer other monies into these efforts.
- Lake Havasu City has property and TPT taxes; Bullhead provides fire through a district; Kingman eliminated the local property tax

Sales Tax Rate and Revenue: FY2002-2018



Tri-City Tax Comparisons and Property Owner/Consumer Impact as of August 2017								
City	Primary Property Tax	Irr & Drainage Dist Secondary Property Tax	Fire District Secondary Property Tax	Total Property Taxes Paid	Annual Avg Retail Purchases per Household	TPT Rate	Total TPT Paid per Household	<i>Total Taxes Paid per Household Annually</i>
Lake Havasu City	134.36	67.21	0	201.57	22,012	2.00%	440.24	641.81
Bullhead City	0	0	630.00	630.00	22,012	2.00%	440.24	1070.24
Kingman	0	0	0	0.00	22,012	2.50%	550.30	550.30

Tri-City Tax Comparisons and Property Owner/Consumer Impact as of November 2017								
City	Primary Property Tax	IDD Secondary Property Tax	Fire District Secondary Property Tax	Total Property Taxes Paid	Annual Avg Retail Purchases per Household	TPT Rate	Total TPT Paid per Household	<i>Total Taxes Paid per Household Annually</i>
Lake Havasu City	134.36	67.21	0	201.57	22,012	2.00%	440.24	641.81
Bullhead City	0	0	630.00	630.00	22,012	2.00%	440.24	1070.24
Kingman	0	0	0	0.00	22,012	3.50%	770.41	770.41

Assumptions:

1. Property tax is calculated using a home with a \$200,000 LPV on a 1/4 acre parcel.
2. Household is calculated using the City of Kingman and New Kingman Butler's population (2016 Census data) with an average of 2.54 persons per household.
3. Average annual retail purchases using the City of Kingman's FY17 estimated gross taxable retail sales.